

# **MEETING SUMMARY NOTES**

## **Cost Savings and Efficiency Work Group**

*January 15, 2003  
4:00 p.m., Highlands Golf Course*

**MEMBERS:** Present - Russ Bayer Jennifer Brinkman, Mark Brohman, Carol Brown, Jon Carlson, Brian Carstens, Duane Eitel, Mark Hunzeker, Rick Krueger, Melinda Pearson, Roger Reynolds, Jerry Schleich, Greg Wood, Patte Newman, Allan Abbot (non-voting)  
Absent - Duane Hartman, Greg MacLean

**OTHERS:** Kent Morgan, Karen Jensen, Randy Wilson, Randy Hoskins, Nick McElvain, Karl Fredrickson, Michele Abendroth

### **AGENDA ITEMS DISCUSSION:**

#### **Welcome**

Karen Jensen called the meeting to order at 4:06 p.m. Ms. Jensen stated that we needed to move more quickly and described the process we will use to accomplish this. She then asked each of the members to write their comments on the large charts which contained the highest ranking issues.

The group decided to discuss item K) under System and Processes - Inter-agency communications and coordination. Examine ways for enhancing the communication and coordination of capital projects between Public Works and Utilities, LES, LPS, Parks and Recreation, other utilities, and other city and county agencies.

Carol Brown began the discussion by asking the staff present if communication between inter-office agencies is satisfactory. Randy Hoskins answered that he feels that it is improving. Randy Wilson commented that he feels there are some procedures that could be looked in to see if they could be changed, such as city charter issues and approval processes that occur. He stated that we need more flexibility in moving money around in our capital improvement projects. Some of the approval processes are, on a whole, slow and serve little purpose. Nick McElvain said that 80% of the projects go smoothly and 20% cause some coordination problems. He continued by stating that those 20% have followed a unique path in getting there, so they “sneak up on you”. Randy Wilson said a good example was if we had a large project, we had to have all the money up front before we could sign a contract. He stated that Allan Abbott is working on being able to use multi-year contracts. Staff noted there is some interpretation on what the charter means that could be clarified. Randy Wilson said that every project is essentially

approved twice, as it gets approved when we identify the project and submit it as part of our CIP and when we actually award the contract for construction. Melinda Pearson stated that she said that the work group cannot be expected to tell the inter-office agencies how to communicate and make changes. Kent Morgan stated that maybe this issue could be handled as simply as charging staff with the task of developing ideas for improving inter-office communication and coordination. The recommendation is to advance this issue as written.

The group then discussed the following topics relating to the Comprehensive Plan: F) Prioritize City's CIP Projects Relative to Adopted Comp Plan; E) Consistency and Continuity of Comp Plan Implementation; G) Moderate Phased Development Called for in Adopted Comp Plan; and H) Policies Governing Infrastructure Projects Not in Conformance with CP.

Mark Hunzeker commented that we could spend a lot of time or a little time on these issues, as most of the things in the Comp Plan, this group would not be able to change or save time or money. He continued by stating that this group is not going to make the decisions and affect in any meaningful way the city council's decision. Jon Carlson stated that just because this group lacks the power to implement change doesn't mean that we can't put forth a recommendation.

Greg Wood stated that the city needs to prioritize the Capital Improvements Program (CIP) with schedules and dates so that when infrastructure is going in, it is in conformance with the Comp Plan.

Mr. Krueger stated that he sensed that what we are trying to do is tie the Comp Plan with multi-year contracts and asked the staff why this hasn't occurred yet. Roger Figard stated that the actual authority to start a design or get right-of-way came only when it was in the first year of the 6 year CIP. The first year is the only authorization for the expenditure of money; and you can't spend money in the second through six years. However, every year there is the opportunity to change the plan.

Mr. Hunzeker stated that he doesn't understand the suggestion of moderating the phased development called for in the Comp Plan, because if it means that we should somehow recommend an amendment to the Comp Plan, then he feels that we are outside of the scope of our duties. He stated that it seems that is not our charge. He continued by stating that if you are talking about the assumptions about how fast we have to do all of the infrastructure within that 25 years worth of land, that is something different. Jon Carlson stated that he felt that they were talking about the same thing; that is, reducing the Comp Plan area, and reducing the map is not within our area. He stated that adjusting the phasing is something that we're allowed to do. His idea of this recommendation is that you may have to look at phasing in what is in the Comp Plan and you may not be able to do the entire area in that time frame. Russ Bayer stated that if we are talking about using phasing as a funding source, he didn't feel that is in the purview of this group. He continued by stating that we shouldn't say that we shouldn't do something because of funding; we should say in order to be most efficient, we may have to phase this in. That is the role of the finance committee. Mr. Krueger stated that we shouldn't surrender the ideas in the Comp Plan.

Mr. Hunzeker posed the question, what are the assumptions in the estimated funding gap? He proceeded by stating that the numbers that are in the Comp Plan are all manufactured numbers, meaning that you make assumptions. It assumes that we're going to build out 25 years worth of land area in 12 years, which bears no resemblance to reality. Mr. Morgan stated that he believed the assumption is that we are trying to provide infrastructure within a 12 year period to those areas identified in priority area A.

Mr. Figard stated that Public Works and Utilities was asked to give the cost of the infrastructure shown in the Comp Plan, if and when it got built out. He stated that they didn't intend that to mean that they knew exactly when those pieces were to be built. That is where we need help from the community. Mr. Figard expressed that the other assumption is that we will not meet the community expectation in an area that you expect us to move in to. The challenge in the phasing is knowing how to lay it out and meet the expectations of the development community.

Ms. Jensen stated that this has turned out to be a more complex discussion than originally anticipated. So she asked the members if they were ready to go forth with any recommendations. She took an informal vote asked for the group's level of support for item G) Cost savings could be achieved if the infrastructure improvements called for in the Plan are phased in development over a long period of time. There was no consensus achieved.

Jon asked for more conversation as he wasn't sure he understood what Mr. Hunzeker was saying. He stated that he didn't see how there wasn't cost savings in phasing it in over time. Ultimately, there is not, but over the cycle that you're intending to pay for it over, there is certainly savings.

Mr. Hunzeker stated that we all need to be clear about what the assumptions are. And if the assumptions are that we are going to have to spend a very sizeable chunk of money far in advance of when we realistically will have to spend it, then our gap is much larger than it really is. He stated that we are in effect projecting expenses into a time frame that is probably unrealistically short. And that is different from saying that we should slow down the phasing of the Comp Plan. We need to be more realistic about the likely need to expend some of those funds in such a short period of time.

Mr. Bayer stated that this group shouldn't worry about the financial gap. We should worry about how to be more efficient in terms of cost or time.

Ms. Jensen asked if we should only go forward with the items that meet our test of efficiency.

Mr. Carlson answered no, because he is hearing that we're trying to build more than we need. He continued by stating that he see two views. 1) Why do we have a map that puts in more area than we know we'll need to serve the population; the answer is that Public Works will want to build it that so people can live there. And 2), why not only build what you think people are going to need. Mr. Hunzeker replied by stating that in the history of Lincoln, we have never built out a

Comp Plan during a planning period. If you do that, it means that you have planned for less than you should have. The Plan is supposed to be an expansive document and cover more than you

will have need for over the planning period. That allows for people to have choices, so you don't just plan for the bare minimum that you are absolutely going to have or you end up artificially constraining the market in a way that adversely affects the price of everything. Mr. Carlson then asked, how do you know where to serve. Mr. Hunzeker responded that it is fairly simple. If you are going to have a gravity flow sewer system, you start with sewer system, you allow people to move out there, and you allow them to utilize it as is, then build as necessary to serve where growth occurs. Mr. Hunzeker continued by stating that the main issue is if we are going to have enough money to do it. We have probably established that we will have enough money for sewer and water. It is a matter of where are we going to get the money and save money as we build.

Ms. Jensen stated that since no consensus has been reach at this point, she felt a break was in order. She asked if anyone had a recommendation to go forth with, please write it on the large sheets on the wall.

Following the dinner break, Ms. Jensen stated that we have a process on how to proceed. During the break, a small group of people came up with the following statement. "We do not need to build out the entire infrastructure system for full development of the 25 year plan in 12 years. We do need to provide right-of-way (See items 1& 2 per plan). We recommend phasing infrastructure as needed." She then asked the members to show their support of agreeing whether this statement saves time and/or money, that it doesn't save time or money, or have not formed an opinion. No consensus was reached however. Ms. Brown was neutral with the statement because she worried about the city having to hopscotch around and not having a sense of direction. Mr. Krueger was also neutral because he felt that the market is going to dictate where we go and these are not all going to be created at the same time. Ms. Brown also stated that other developers will say that they are going to develop theirs first and we aren't going to have enough resources to do that. Mr. Krueger stated that the development community is in the business of solving problems for the city and if we solve problems for the city and are successful in looking out three years, people will give us money. Mr. Hunzeker stated that the Comp Plan is a very general document that gives people an indication of where it is possible to do things. It doesn't have anything to do with predicting where things will take us. You can put it on the Comp Plan all you want, but if there isn't demand or money, then it won't happen.

Mr. Reynolds stated that one of the goals for affordable housing has always been to try not to be so constrained by this. Whoever is at the end of the sewer, the farmer can command a large price for that land, because it is the only game in town. One of the ideas in getting caught up or slightly ahead has been to have more pots to choose from, so it keeps the price of land down, which would be a cost savings to the whole community.

Ms. Jensen stated that it seemed that the two statements were similar. Mr. Hunzeker responded by stating that it is different and unnecessary to some extent. He stated that he felt the discussion about the sewer is a point that needs to be understood. There are different rates at which these items of infrastructure can be built and can accomplish at a relatively low cost and phase in water and paving as development occurs and have the best of both worlds.

Mr. Carlson asked if he could have staff's reaction to that statement. Mr. Figard stated that it is a true statement, but how do we know which piece to get started on so that we're ready when the development community comes it. We need a road map, and we don't know how to set up the phasing. Mr. Hunzeker stated that unless we change the policies that we have had in this city with respect to contiguous development and requirement of annexation before any sewer or water services are extended to a project, the problem of going from one end of the section to other without doing what's in between isn't a problem, because you can't get there.

Ms. Jensen stated we have not reached consensus, so we will delay discussion on this issue and move on.

The group then decided to address F) under Big Picture - Prioritize City's CIP Projects relative to adopted Comp Plan. Institute policies and procedures for closely tying the programming of capital projects (i.e., CIP) with the growth phasing program and related policies in the Comp Plan.

Ms. Jensen posed the question if this statement saves time and/or money. All group members present agreed that it saved time and/or money, so it was decided to advance F as a recommendation as written.

The group then addressed E) under Big Picture - Consistence and Continuity of Comp Plan Implementation. Savings could be achieved if the city commits to following the infrastructure program shown in the Comp Plan. Indiscriminate and/or frequent departures from the Plan's infrastructure program discourages and undermines long term facilities planning and reduces the cost savings such planning can provide.

Mr. Bayer stated that he is in favor of changing the Comp Plan to accommodate certain exceptions. He continued by stating that we never really departed from the plan; we changed it to follow what the developer wanted to do. Mr. Hunzeker asked how following the Comp Plan saves money. Mr. Bayer stated that he believes this statement is stating the obvious. He continued by calling for a vote on whether the group wanted to include this as a recommendation to the committee. A majority of those present voted no. It was also voted upon whether to include this statement in the preamble. A majority of those present voted yes.

The next issue discussed was H) under Big Picture - Policies Governing Infrastructure Projects Not in Conformance with Comp Plan. The city should have clear policies concerning development requests that are not in conformance with the adopted Comp Plan; for example, projects falling outside of the future urban service area requiring installation of capital infrastructure not programmed in the Comp Plan.

Mr. Bayer stated that anything that goes before the Planning Commission states whether it conforms to the Comp Plan or not. He also stated that there should be clear policies for developers on what they need to do to go outside the Comp Plan. He then asked a question for the developers as to whether it would save time or money. Mr. Hunzeker stated that we have

never had a policy that has made it easy. Ms. Brown asked if there criteria on what constitutes an amendment to the Comp Plan. Mr. Schleich stated that he believed that the Comp Plan should be able to be changed for valid reasons for a cost benefit. Mr. Hunzeker stated that every single case or circumstance is different. Mr. Wood asked if there are clearly defined criteria as to what a developer have to pay for to go in to a new area. Mr. Figard responded that there are not, and they are looking to this group to help with that issue. He continued by stating there were understandings that developers might have to pay for certain things. Mr. Bayer stated that we need to be careful not to handcuff the mayor or city council from having the flexibility to bring new businesses in. He also stated that we need to have standard operating procedures. Ms. Newman stated that she believes it is the city's job to define that criteria.

Ms. Jensen called for a vote regarding the following recommendation: For projects outside the Comp Plan, the city should develop clear policies and criteria if job creation and job retention are present. No consensus was reached regarding this recommendation. Ms. Jensen then called for a vote with the inclusion of concessions for additional infrastructure. Again, no consensus was reached on this recommendation.

As the discussion regarding the Comp Plan was completed, the group decided to discuss J) under Systems and Processes, - Expand Use of City Grant Writing Program to Secure Additional Capital Funds. Seek greater use of city's grant writing program to seek all reasonably available state and federal grant monies for infrastructure projects.. Mr. Bayer stated that this is a funding issue and out of our charge, so it should be referred to the finance committee. All members were in agreement.

The next issue addressed was C) under Systems and Processes - Aggregate Construction Projects in a Single Bid. Lump several construction projects (perhaps covering a two year period) into a single contract to encourage efficiencies from the economies of scale that such a method may provide.

Mr. Eitel stated that if you lump everything in one, you are stifling competition and maybe not getting as low of bid as you could. If you have really large contracts, you could put some of the local contractors out of being able to bid on it. He continued by stating that it could save the city money, but what is it doing to the economy. Mr. Hunzeker stated that his interpretation is if you had a project that was a two year project, you bid that as one project so that a single entity could bid that and save the process of bidding it a second time. Mr. Eitel stated that was not how he intended it. He intended it, as if we had 10 different water main jobs, could we have a construction company bid all 10 jobs. It was also stated by a Work Group members that the city already does allow this. Ms. Pearson questioned how we save money by aggregating jobs together and having an outside company come in and do the work. A staff member responded that we do save money by having one contract because you only have one set of documents, you have one selection committee, and you are only managing one project. Mr. Figard stated that we have to be smart enough to know when to aggregate and when not to, so as to be able to use smaller local companies.

Ms. Jensen called for a vote for this item as written. The group agreed to move forward with this recommendation as written in addition to adding verbiage regarding being more aggressive, having proper planning, and knowing when to aggregate and when not to.

Next on the agenda was item J) under Infrastructure Elements - Cost for retaining walls. With the use of the 120 foot right-of-way standard for future arterial streets, will the need for retaining walls along arterials be decreased? If so, should the city's cost estimates for future retaining walls be modified (i.e., lowered or eliminated?).

Mr. Reynolds asked the staff if this is an issue. Mr. Figard stated that he didn't think that it was. Mr. Hunzeker stated there have been areas where we've had fairly recent subdivisions, and we didn't have grades established for the arterials. Whether or not you have the right-of-way or not, if you have grades established at the time the subdivision comes along, you avoid it just by the requirement that they have to meet up with the right-of-way grades that you established. Mr. Figard stated that he agreed with that, but also we've had the situation where a few subdivisions didn't have enough dirt to get graded to our profile. If we eliminate both of those situations, in most cases, retaining walls will go away, except in extreme cases.

Mr. Wood stated that we need to look at the cost of right-of-way vs. the cost of the retaining wall. Ms. Pearson stated that her understanding was that this came up because we were given so much money for every section line, and everyone said that is a lot of money and we don't need to do that. Mr. Bayer confirmed that statement. Mr. Eitel stated that the real issue is looking at that estimate, based on historical data, and asked if the number in the estimate is correct. Mr. Figard stated that he didn't feel it was unrealistic.

Ms. Jensen called for a vote regarding the recommendation, Reduce retaining wall usage by doing cost/benefit analysis in conjunction with right-of-way costs. All agreed to move forward with this recommendation.

The next issue discussed was L) under Systems and Processes. Put more responsibility for construction drawings, etc., on private engineers. The system now provides for a "first in, first out" approach. This results in incomplete drawings being given the same status as complete drawings. Incomplete drawings take more city time to review and slows up the process by weeks or months. Private engineers should be held responsible for their products. Complete products should be given priority over incomplete products.

The group asked for clarification on what "first in, first out" means. Mr. Krueger stated that when you submit a construction drawing, it is taken in the order in which it is submitted for review by the city. The city will not let you proceed on any public infrastructure until you have approval. If there was a way where the private engineer had more responsibility in getting the improvement done and overseeing its construction, you would conceivably save some time. Ms. Pearson stated that she felt the statement regarding private engineers being held responsible for their products should be taken out because it is a statement against an industry. Mr. Wilson stated that we are taking steps to make engineers more accountable which will let developers

know that it is taking longer because we have received an incomplete submittal. Mr. Hunzeker stated that he understood this item as giving more responsibility to private engineering firms to certify that their work and the product that is actually built conforms to city standards, as opposed to having it designed by one professional engineer and then having it completely reviewed and/or redesigned by yet another who is employed by the city before you can get to the construction phase. So if you cut that middle piece out and put that responsibility back on the designer to make sure that it is designed and built to city specifications, you save a lot of time and money. Mr. Figard stated that we need to get to the difference between the standard and a practice or preference. Lincoln has preferences which are based on experience, maintenance and longevity, and we need to make sure our consultants why we want it a certain way.

Ms. Jensen called for a vote regarding the recommendation, Give priority to complete plans; if they are not complete, they go to the bottom of the list. A majority of the group voted yes.

### **Upcoming Meetings**

The next meeting will be held on Tuesday, January 21, 2003 from 4:00 p.m.-8:00 p.m. in Room 113. The meeting on Thursday, January 23, 2003 was canceled. Ms. Jensen stated that we will begin the meeting with discussion regarding oversight boards.

### **Adjournment**

Mr. Bayer adjourned the meeting at 8:55 p.m.

*I:\MIFC\cost savings work group\Mtg\_Sum\_Notes.Efficiency\_WG\_Jan\_15\_2003.wpd*